

**Hanalei Bay Vacation Owners' Association
Annual Owners' Meeting
Hanalei Bay Resort
Wednesday, May 13, 2015**

Minutes

I. CALL TO ORDER

President Deborah Fraga-Decker called the meeting to order at 1:00 p.m. HST and welcomed Owners.

II. INTRODUCTIONS

A. Board of Directors

Deborah Fraga-Decker, President
Dick Schweickert, Vice President
Geoff King, Treasurer
John Mullen, Secretary
David Nicholl, Director

B. Resort Associates

Scott Pacer, General Manager
Jim Braman, Director of Operations
Ofa Gilleland, Administrative Assistant
Annabel Ragasa, Director of Housekeeping
Joey Coyaso, Maintenance Technician
Dan Hurd, Maintenance Manager
Lillian Watari, Front Office Manager

C. Management Company

Nigel Lobo, Chief Operating Officer
Mary Dieckmann, Vice President of Resort Operations
Julie DaRonco, Area Manager
Tammy Paul, Service Solutions Manager
Melissa Epenesa, Grand Pacific Exchange (GPX) Manager
Margo Coyaso, Grand Pacific Exchange (GPX) Onsite

III. NOTICE OF MEETING

Deborah Fraga-Decker stated the notice of the annual meeting and proxy form was sent to all Owners of record on March 25, 2015. Quorum was achieved on April 15, 2015.

IV. APPROVAL OF MINUTES OF PREVIOUS ANNUAL MEETING

On consensus, the minutes of the May 13, 2014 Annual Owner's Meeting was unanimously approved.

Scott Pacer, General Manager, recognized Associates that have served Hanalei Bay Resort for 30 years. These Associates are Eduardo Jimenez, 31 years; Annabel Ragasa, 30 years and Lillian Watari, 30 years.

V. REPORTS

A. Directors and Officers

Deborah Fraga-Decker stated that the renovation is complete and the project finished under budget. She commended Grand Pacific Resorts for a successful Rental Program at Hanalei Bay Resort to maintain healthy operating and reserve funds. Deborah thanked all of the Owners for their dedication to and support of the resort.

B. Committees

Marketing and Sales Committee

The contract with Grand Pacific Resorts regarding the sales program has been finalized. The Marketing and Sales Agreement and Management Contract have been extended for an additional two years. The sales program will begin in June. The Sales Office will be located on the first floor in the main building. Deborah commended David Nicholl for working closely with GPR to finalize the Management Contract and Marketing and Sales Agreement.

Renovation Committee

All room renovations have been completed and have been well received by Owners and Guests. Additional items will be added to the units with the remaining funds from the renovation project such as, grab bars in the shower, new doors on the washer and dryer closet and an electrical outlet above the kitchen counter. Owners were encouraged to provide suggestions for future unit upgrades through comment cards and email surveys.

Jimit Mehta, restaurant operator, discussed the ongoing construction of the restaurant onsite at HBR. Happy Talk lounge will be opened by August 2015, and the opening of Bali Hai will follow shortly thereafter. Jimit thanked Owners for their patience during this project.

Finance Committee

Geoff King presented the financial review. The Association has a healthy operating fund, and the reserve fund is currently growing. There is \$700,000 in the replacement reserves fund. The rental program has helped to maintain a healthy financial condition by renting units that are delinquent or not occupied.

Mike Fitzgerald, Auditor, provided a brief overview of the audit process and his services as Auditor to HBR. A clean and independent audit was given for the year-ended December 31, 2014. Mike reported that GPR's internal controls and systems are very well developed and remain strong. Financially, the Association is very strong.

AOAO Report

Mike Rembis, Association of Apartment Owners President, spoke on the importance of the relationship between the VOA and AOA. The AOA has accomplished many projects throughout 2014 including the completion of the Lobby, which came in under budget. The Tennis Courts have also been refurbished. The Sundry Shop and Pool Cave are now open. The solar panels have been installed and are operational. The goal of both Associations is to continue to grow the reserve fund to ensure that the resort remains financially healthy. Any excess revenue in 2015 will automatically go into the reserve fund.

VI. ELECTION OF DIRECTORS

Julie DaRonco announced that the requirement for quorum was established and reviewed the election procedures. Nominations from the floor were requested and hearing none, nominations were closed. Julie introduced candidates John Dennis, Mary Motsenbocker, John P. Shaw, David Nicholl and Dick Schweickert who presented brief candidate statements. Candidates Raymond Poland, Harold Rothstein and Wayne Walton were not in attendance. Ballot instructions were given and the polls opened. On consensus, the polls were closed. Karen Wenning served as the Election Monitor.

Deborah explained that John Mullen served as the Secretary for the VOA and as Treasurer for the AOA Boards and has decided to step down from the VOA Board. John was commended for his service to the VOA Board.

VII. MANAGEMENT UPDATE

Scott Pacer, General Manager, introduced Associates and recognized Ofa Gilleland as the GPR 2014 Associate of the Year. He reviewed the following: Front Office Operations, Housekeeping programs, Maintenance projects and programs, Activities, the resort's sustainability efforts, the Orchid Program, Guest Satisfaction Scores, Guest Service programs, landscaping, resort improvements and the Christel House Charity.

Hanalei Bay Resort was awarded a Silver ARDY for the Lobby renovation from the American Resort Development Association (ARDA) for 2015. Hanalei Bay also received an RCI Green award recognizing HBR as the third place winner out of the 2,500 RCI resorts within the United States. Scott discussed Owner benefits available through Grand Pacific Vacation Services (GPVS), Grand Pacific Exchange (GPX) and ResorTime. He also highlighted the Grand Opportunity program.

VIII. ELECTION RESULTS

Julie DaRonco announced the election results as follows:

David Nicholl	1,468 votes
Dick Schweickert	1,452 votes
Mary Motsenbocker	873 votes
John Dennis	331 votes
John P. Shaw	291 votes

Raymond Poland	192 votes
Wayne R. Walton	89 votes
Harold Rothstein	84 votes

David Nicholl, Dick Schweickert and Mary Motsenbocker were elected to the Board of Directors for a two-year term.

IX. NEW BUSINESS

A. Open Forum

The following was discussed during open forum:

- A question was asked regarding the status of the parking area at the resort. Scott explained that a parking policy is currently in the works and a parking arm will be installed in the coming months to allow for Owner and Guest use only.
- An Owner requested the number of delinquent VOA Owners, and if foreclosures are still taking place. Mary Dieckmann explained that GPR is currently renting delinquent units through the rental program. Also, the Sales program is almost finalized and will help to gain more new dues paying Owners.

Deborah announced that a raffle would be conducted at the conclusion of the meeting. The winner of the proxy email contest was John and Claudette Newport.

X. ADJOURNMENT

On consensus, the meeting was adjourned at 2:40 p.m. HST.